

Introduced: 5/2/75  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

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2 HOUSE BILL NO. 471

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for indemnification in the event of a  
7 decrease in property values within a municipality  
8 resulting from the closing or relocation of a facility  
9 of a major employer; and providing for an effective  
10 date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 \* Section 1. AS 41 is amended by adding a new chapter to read:

13 CHAPTER 32. PROPERTY VALUE LOSS INDEMNIFICATION.

14 Sec. 41.32.010. PURPOSE. The purpose of this chapter is to  
15 establish a mechanism for the fair and equitable indemnification of  
16 individuals, businesses or corporations who experience financial losses  
17 when selling property located within a municipality because of the  
18 closing or relocation of a facility of a major employer.

19 Sec. 41.32.020. ROLE OF COMMISSIONER. The commissioner of com-  
20 munity and regional affairs shall administer the indemnification pro-  
21 gram.

22 Sec. 41.32.030. TIME OF APPLICABILITY. This chapter becomes  
23 effective as to a municipality when the governing body of the munici-  
24 pality certifies to the department that a substantial reduction in  
25 employment has occurred because of closing or relocation in whole or  
26 part of a facility of a major employer.

27 Sec. 41.32.040. INDEMNIFICATION FOR FINANCIAL LOSS. The commis-  
28 sioner shall

29 (1) accept, on forms prescribed by the commissioner, appli-

1 cations for reimbursement; the application must be signed by the owner  
2 of the eligible property and, if the property is subject to a mortgage,  
3 by the mortgagee;

4 (2) determine that the actual sale price was the result of a  
5 reasonable effort by the seller to sell the property on the open market;

6 (3) determine the difference between the actual price at the  
7 time of sale, computed as specified in sec. 110 of this chapter, and the  
8 fair market value as specified in sec. 120 of this chapter;

9 (4) determine, if the actual sales price is less than 95 per  
10 cent of the adjusted base year fair market value, that portion of the  
11 difference which is attributable to the impact of the closing or reloca-  
12 tion of a facility of a major employer;

13 (5) approve an indemnification amount in accordance with (4)  
14 of this section before the consummation of the sale of the property and  
15 transfer the indemnification amount to the seller within 30 days after  
16 the consummation of the sale of the property.

17 Sec. 41.32.050. PURCHASE OF PROPERTY. If eligible property with  
18 marketable title cannot be sold, the commissioner shall, after he has  
19 determined that reasonable efforts to find a buyer have been made,  
20 purchase the property. The purchase price shall be 95 per cent of the  
21 adjusted base year fair market value according to sec. 120 of this  
22 chapter.

23 Sec. 41.32.060. COMMISSIONER TO MANAGE PURCHASED PROPERTY. The  
24 commissioner may take any reasonable action necessary for the safety and  
25 maintenance of property acquired under this chapter.

26 Sec. 41.32.070. AUTHORITY TO DISPOSE OF PURCHASED PROPERTY. (a)  
27 The commissioner may dispose of property acquired under this chapter at  
28 public sale to the highest bidder on such terms as he considers bene-  
29 ficial to the state.

1 (b) The commissioner shall provide the public with notice of a  
2 proposed sale. The notice shall identify specific parcels of property  
3 and any encumbrances to which they may be subject.

4 (c) The commissioner may, at his discretion, offer for sale units  
5 of state property made by combining parcels of land acquired under this  
6 chapter, parcels as purchased by him, or portions of parcels purchased  
7 by him.

8 (d) The commissioner shall convey marketable title to the pur-  
9 chaser of the property.

10 (e) The purchaser under this section shall pay his own closing  
11 costs.

12 Sec. 41.32.080. INDEMNIFICATION REVOLVING FUND. There is created  
13 the indemnification revolving fund which consists of money appropriated  
14 by the legislature, money received in payment for property sold as  
15 provided in sec. 70 of this chapter, and any other money transferred to  
16 the commissioner for the indemnification program including any money  
17 transferred for this purpose by the United States.

18 Sec. 41.32.090. ELIGIBLE PROPERTY. An indemnification applica-  
19 tion, provided for in sec. 40 of this chapter, may be filed by any  
20 person owning real property, a mobile home, or business capital assets,  
21 subject to the following provisions:

22 (1) Residential property, both real and mobile homes, includ-  
23 ing both land and fixtures, must be in actual use as a residence at the  
24 time the application for indemnification is submitted.

25 (2) Real property and mobile home property held for invest-  
26 ment purposes must be owned by the applicant for at least one year  
27 before the application is submitted. All those structures listed as  
28 mobile homes by the assessor for property tax purposes and used as a  
29 residence shall be considered mobile home property.

1 (3) Business capital assets include rental real property and  
2 major items of fixed equipment and machinery which produce income but  
3 are not bought or sold in the ordinary course of the proprietor's  
4 business. Business capital assets must be in use in an ongoing business  
5 which has been carried on for at least one year before the application  
6 is submitted.

7 (4) Business property, including both land and fixtures, must  
8 be used for an ongoing business which has been carried on for at least  
9 one year before the application is submitted.

10 (5) Personal property other than mobile homes and business  
11 inventories are not eligible for indemnification under this program.

12 (6) Real property held for recreational purposes is not  
13 eligible for indemnification under this program.

14 (7) Real property owned by a public utility is not eligible  
15 for indemnification under this program.

16 Sec. 41.32.100. CONCLUSION OF THE INDEMNIFICATION PROGRAM. No  
17 application may be accepted after the commissioner determines that  
18 employment in the municipality equals or exceeds employment in the year  
19 before certification.

20 Sec. 41.32.110. ACTUAL SALES PRICE. The actual sales price  
21 includes the cost of any real estate commission and other selling  
22 expenses.

23 Sec. 41.32.120. FAIR MARKET VALUE. (a) The fair market value for  
24 eligible property other than mobile homes and business capital assets  
25 shall be computed by adjusting either the value of the property deter-  
26 mined in the base year assessment under sec. 130 of this chapter, or the  
27 actual sales price received from a prior sale after the completion of  
28 the base year assessment, whichever is less:

29 (1) to account for the cost of any additions, renovations, or

1 improvements made on the property;

2 (2) to account for any decrease in property value resulting  
3 from unrestored, complete or partial destruction or loss attributable to  
4 natural disaster, fire, accident, riot, vandalism, or similar unexpected  
5 and sudden physically damaging event;

6 (3) to account for loss in value due to inadequate mainte-  
7 nance as determined by the commissioner; and

8 (4) to reflect quarterly changes in value as determined by  
9 comparing the then current quarterly homeownership costs in the Anchor-  
10 age consumer price index, published by the United States Department of  
11 Labor, Bureau of Labor Statistics with those published for July 1975; in  
12 no case shall the quarterly adjustment factor exceed the average quar-  
13 terly rate of increase in the index for the calendar years 1971 through  
14 1974.

15 (b) The fair market value for mobile home property shall be  
16 computed using the methods employed by the assessor in arriving at  
17 market value for tax purposes. The fair market value shall be reviewed  
18 by the commissioner following an on-site inspection of the property and  
19 is subject to revision.

20 (c) The fair market value of business capital assets shall be  
21 computed on the basis of replacement cost in the year of sale less  
22 depreciation.

23 Sec. 41.32.130. BASE YEAR ASSESSMENT. (a) The state assessor  
24 shall within one year of the date of certification take the steps  
25 necessary to complete the assessment of all real property within the  
26 municipality at its full and true value as of January 1 of the year in  
27 which certification was made. All additional real property coming into  
28 existence between January 1 of that year and January 1 of the second  
29 following year shall be appraised at its full and true value as of the

1 assessment date for tax purposes in that year.

2 (b) The cost of the initial assessment shall be paid equally by  
3 the state and the municipality. Assessments on additional real property  
4 shall be paid by the municipality.

5 (c) A property owner aggrieved by determination of his assessment  
6 may appeal under AS 29.53.130 - 29.53.135.

7 (d) All adjustments in valuation approved by the board of equali-  
8 zation are subject to review and final approval by the commissioner. A  
9 property owner may appeal the final determination in accordance with  
10 AS 29.53.140.

11 Sec. 41.32.140. REGULATIONS. The commissioner shall adopt regu-  
12 lations in accordance with the Administrative Procedure Act (AS 44.62)  
13 to carry out the purposes of this chapter.

14 Sec. 41.32.150. ANNUAL REPORT. The commissioner shall submit an  
15 annual report of his activities under this chapter to the governor and  
16 the legislature at the beginning of each regular legislative session.

17 Sec. 41.32.160. DEFINITIONS. In this chapter "commissioner" means  
18 the commissioner of community and regional affairs.

19 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.

20 070(c).